



# DRAFT

## Good Faith Estimate of Settlement Costs (GFE)

Name of Originator \_\_\_\_\_ Borrower \_\_\_\_\_  
Property Address \_\_\_\_\_ Address \_\_\_\_\_  
\_\_\_\_\_  
Phone \_\_\_\_\_

### About Your GFE

**What is a GFE?** This GFE gives you an estimate of your settlement costs and loan terms if you are approved for this loan.

**How should you use this GFE to shop for the best loan?** You are the only one who can shop for the best loan for you. You should compare this GFE with other loan offers. By comparing loan offers, you can shop for the best loan. Use the table on Page 4 to compare all the offers you receive.

This terms and conditions of this GFE are valid for 10 business days from this date \_\_\_\_/\_\_\_\_/\_\_\_\_

**Keep this GFE to compare with your actual costs at settlement.**

### Summary of Your Loan Terms for This Estimate

#### Your Loan Details

Your loan amount will be:	\$ _____	
Your loan is	<input type="checkbox"/> A Fixed Rate Loan	<input type="checkbox"/> An Adjustable Rate Loan
Your interest rate	% _____	% initially, then it will adjust. The interest rate adjustment will be based on the _____ index and can change up to _____ percentage points. Your first adjustment will occur in _____ (months or years)
Your loan term	years _____	years _____
Your monthly payment for principal, interest, and any mortgage insurance	\$ _____	\$ _____ The maximum your monthly payment for principal, interest, and any mortgage insurance could be is \$ _____
Your rate lock period	_____ days. After you lock in your interest rate, you must go to settlement within this number of days to be guaranteed this interest rate.	
Does your loan have a prepayment penalty?	<input type="checkbox"/> Yes, your maximum prepayment penalty is \$ _____ <input type="checkbox"/> No	
Does your loan have a balloon payment?	<input type="checkbox"/> Yes, you have a balloon payment of \$ _____ due in _____ years. <input type="checkbox"/> No	

The interest rate and monthly payment shown above can change until you lock in your interest rate.

#### Your Settlement Costs

Your Adjusted Origination Charges (see items 1 and 2 on page 2)	_____
Your Charges for All Other Settlement Services (see items 3 through 10 on page 2)	_____
<b>Total Estimated Settlement Charges</b>	<b>\$ _____</b>

## Understanding Your Estimated Settlement Charges

### Your Charges for Loan Origination

<p>1. Our service charge These charges are for the services we provide when we get and process this loan for you.</p>	
<p>2. Your credit or charge for the specific interest rate chosen (points)</p> <p><input type="checkbox"/> The credit or charge for the interest rate you have chosen is included in "Our service charge." (See item 1 above)</p> <p><input type="checkbox"/> You receive a credit of \$ _____ for this interest rate of ____%. This credit reduces your upfront charges.</p> <p><input type="checkbox"/> You pay a charge of \$ _____ for this interest rate of ____%. This payment (discount points) increases your upfront charges.</p> <p>(See the table on page 3 to see how you can change this charge or credit by choosing a different interest rate.)</p>	

<b>A</b>	<b>Your Adjusted Origination Charges</b>	\$ _____
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### Your Charges for All Other Settlement Services

<p>3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services.</p> <table border="1"> <thead> <tr> <th>Service</th> <th>Cost</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>	Service	Cost							
Service	Cost								
<p>4. Title services and lender's title insurance This charge includes the services of a title agent, for example, and title insurance to protect the lender, if required.</p>									
<p>5. Required services that you can shop for These charges are for other services that are required to complete your settlement. We can refer you to providers of these services or you can shop for them yourself. Our estimates for providing these services are below.</p> <table border="1"> <thead> <tr> <th>Service</th> <th>Cost</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>	Service	Cost							
Service	Cost								
<p>6. Taxes and fees This charge includes state and local taxes and fees.</p>									
<p>7. Reserves or escrow This charge is held in an escrow account to pay recurring charges on your property, such as property taxes or insurance.</p>									
<p>8. Daily interest charges This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. For this loan, this amount is \$ _____ per day for _____ days (if your closing date is ____/____/____).</p>									
<p>9. Homeowner's insurance This charge is for the insurance you must buy for the property to protect from a loss, such as fire.</p>									
<p>10. Optional owner's title insurance This charge is for additional insurance you can choose to buy to protect yourself from title defects.</p>									

<b>B</b>	<b>Your Charges for All Other Settlement Services</b>	\$ _____
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<b>A + B = Total Estimated Settlement Charges</b>	\$ _____
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## Understanding Which Charges Can Change at Settlement

The charges listed on page 2 are all part of the total estimated amount that you will have to pay at settlement. Below we list which charges can change at settlement. Some of the charges can appear in more than one section, depending upon who chooses the provider of the service.

### These charges cannot increase at settlement:

1. Our service charge
2. Your charge or credit for the specific interest rate chosen (after you lock in your interest rate)

### The sum of these charges cannot increase more than 10% at settlement:

3. Required services that we select
4. Title services and lender's title insurance (if we select them or you use providers referred by us)
5. Required services that you can shop for (if you use providers referred by us)

### These charges can change at settlement:

4. Title services and lender's title insurance (if you choose them)
5. Required services that you can shop for (if you choose them)
6. Taxes and fees
7. Reserves or escrow
8. Daily interest rate charges
9. Homeowner's insurance
10. Optional owner's title insurance

## Understanding the Trade-off Between the Charges for Your Loan and Your Interest Rate

	The loan in this GFE	A loan with a lower interest rate	A loan with lower settlement costs
Your loan amount	\$	\$	\$
Your interest rate	%	%	%
How much your monthly payment will be	\$	\$	\$
How much more or less in monthly payments from this GFE	No Change	You will pay \$ less every month	You will pay \$ more every month
How much more or less you will pay at settlement with this interest rate	No Change	Your lower interest rate will raise your settlement costs by \$	Your higher interest rate will lower your settlement costs by \$
How much your total estimated settlement charges will be	\$	\$	\$

We have offered you a particular interest rate and estimated settlement costs in this GFE. But, it is important that you see how this loan compares to others that you could choose.

- If you want to choose a loan with a **lower interest rate**, then you will have **higher settlement costs**.
- If you want to choose a loan with **lower settlement costs**, then you will have a **higher interest rate**.

The table above shows how the loan that we've offered you in this GFE compares to these different options. The loan in this GFE is in the first column. In the middle column is a loan with a lower interest rate. In the last column is a loan with lower settlement costs.

If you would like one of these options, you can ask for a new GFE.

If this loan offer is for an adjustable rate mortgage, the comparisons in the table are for the initial interest rate before any adjustments are made.

## Proceeding with This Application

If you would like to proceed with this mortgage application, you must pay a fee of \$ \_\_\_\_\_ which will be applied toward your settlement costs.

The interest rate and points on this GFE are available until \_\_\_\_ / \_\_\_\_ / \_\_\_\_ . After that, they float until you lock. You must lock in the interest rate at least \_\_\_\_ days before settlement.



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Mortgage Shopping Chart

- Use this chart to compare Good Faith Estimates (GFEs) and Mortgage Package Offers (MPOs). Fill in the information by using a different column for each GFE or MPO you receive.
- By comparing loan offers, you can shop for the best loan offers, you can shop for the best loan.

Loan Originator Name					
Loan 1	Loan 2	Loan 3	Loan 4	Loan 5	Loan 6

Loan Details

Loan Amount	Interest Rate	Loan Term	Monthly Payment

Total Estimated Settlement Charges					